

## Message Text

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PAGE 01 ABU DH 02282 231214Z  
ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 /019 W  
-----083961 232002Z /75

R 231113Z AUG 78  
FM AMEMBASSY ABU DHABI  
TO SECSTATE WASHDC 8258  
INFO AMEMBASSY DOHA  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT  
AMEMBASSY MANAMA  
AMEMBASSY MUSCAT

UNCLAS ABU DHABI 2282

E O 11652: NA  
TAGS: BEXP, TC  
SUBJ: EXPORT MARKET DEVELOPMENT FOR AMERICAN RESIDENTIAL  
FURNITURE INDUSTRY

REFS: A) STATE 201414, B) 77 ABU DHABI 3166

SUMMARY: REVIEW OF UAE MARKET FOR FURNITURE SHOWS GROWING  
IMPORTS, BUT CONTACTS WITH IMPORTERS REVEAL A MIXED PICTURE  
FOR US EXPORTS OF FURNITURE TO LOCAL MARKET. EMBASSY  
ESTIMATES SIZE OF FURNITURE MARKET AT ABOUT DOLS 70 MILLION  
ALMOST TOTALLY SUPPLIED BY IMPORTS. US SHARE IS MINISCULE,  
BUT EMBASSY BELIEVES MARKET EXISTS FOR US FURNITURE. US  
EXPORTERS FACE SERIOUS TASTE AND PRICE PROBLEMS IN THIS  
MARKET. END SUMMARY

1. DATA: FOLLOWING IS UAE IMPORTS OF FURNITURE BY VALUE  
- IN MILLIONS OF DOLLARS;

	1975	1976	1977
ABU BHABI	13.3	16.8	20.2
BUBAI	18.5	26.7	53.1
TOTAL UAE	31.8	43.5	73.3

UNCLASSIFIED

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PAGE 02 ABU DH 02282 231214Z

FROM US	.481	1.272	2.939
PERCENTAGE	1.5	2.9	3.30

IMPORT DATA REVEALS A GROWING MARKET FOR FURNITURE IN UAE.  
SINCE LOCAL PRODUCTION IS VIRTUALLY NIL, DEMAND IS BEING MET  
BY IMPORTS, PRINCIPALLY FROM EUROPE. DOMINANT SUPPLIERS  
ARE FRENCH, ITALIAN, YUGOSLAVIAN AND SCANDINAVIAN. US  
SHIPMENTS, WHILE INCREASING, REMAIN IN MINISCULE PROPORTION

TO UAE IMPORTS. WE BELIEVE GREAT INCREASE IN DEMAND WAS OCCASIONED BY A BUILDING BOOM THROUGHOUT THE COUNTRY AFTER THE OIL PRICE INCREASE. GIVEN SLACKENING OF GROWTH IN THE CONSTRUCTION INDUSTRY, WE ASSUME THAT MARKET FOR FURNITURE WILL STABILIZE OR PERHAPS DECLINE FROM 1977 LEVELS. UAE IMPORT DATA FOR 1978 (PRELIMINARY) DOES NOT PERMIT BREAK OUT OF FURNITURE.

2. COMMENTS ON UAE FURNITURE MARKET:

A. MOST IMPORTANT IMPORTERS AND RETAILERS OF FURNITURE ARE LOCATED IN DUBAI, ALTHOUGH IT APPEARS SOME NEW IMPORTERS/RETAILERS HAVE BECOME ESTABLISHED IN ABU DHABI RECENTLY. SINCE THE MOST KNOWLEDGEABLE PEOPLE IN UAE TRADE LOCATED IN DUBAI, WE BELIEVE ANY KIND OF PROMOTIONAL ACTIVITY SHOULD BE CENTERED THERE. ULTIMATE END USERS, HOWEVER, WILL INCREASINGLY BE IN ABU DHABI BECAUSE OF THE EXPECTED CONTINUED GROWTH OF THE CAPITAL CITY.

B. US EXPORTERS FACE SERIOUS PROBLEMS CONCERNING LOCAL TASTE AND STYLE. AS REPORTED REF B, LOCALLY-POPULAR FURNITURE IS IN MODERN INTERNATIONAL STYLE AND OVERSTUFFED MIDDLE EASTERN HYBRID ("LOUIS FAROIK STYLE"). DISCUSSION WITH SOME IMPORTERS REVEALED SOMEWHAT NEGATIVE VIEW OF US FURNITURE, MAINLY EMBASSY BELIEVES, BECAUSE OF LIMITED EXPOSURE TO MODERN US FURNITURE APPROPRIATE TO COMMERCIAL OR INSTITUTIONAL MARKETS. US FURNITURE IN GENERAL IS NOT WELL KNOWN TO THE PUBLIC AND COULD PROBABLY BENEFIT FROM ADVERTISING CAMPAIGN DESIGNED TO EXPOSE US

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PAGE 03 ABU DH 02282 231214Z

FURNITURE TO LOCAL BUYERS AND, IN PART, TO CHANGE LOCAL TASTES.

C. SOME IMPORTERS HAVE ALSO EXPRESSED DOUBTS ABOUT COMPETITIVENESS OF US FURNITURE IN PRICE GIVEN THE SIGNIFICANT SHIPPING ADVANTAGE WHICH EUROPEAN EXPORTERS HAVE. EMBASSY SUGGESTS THAT COMMERCE MAY WANT TO LOOK INTO THIS ASPECT WITH US INDUSTRY.

3. PROMOTIONAL TECHNIQUE: AS INDICATED REF B, EMBASSY IN 1977 SUGGESTED THAT TRADE MISSION MIGHT BE AN APPROPRIATE VEHICLE FOR PRESENTATION OF US FURNITURE. IN VIEW OF COMMENTS RECEIVED FROM IMPORTERS, WE NOW THINK IT WISER TO MAKE A MORE INTENSIVE STUDY OF LOCAL MARKET BEFORE RECOMMENDING MISSION. THEREFORE, WE BELIEVE THAT AS FIRST STEP, US BRANCH OFFICE DUBAI SHOULD PRESENT CATALOGS AND PRICE LISTS OF A VARIETY OF US FURNITURE TO IMPORTERS TO GAUGE REACTION BEFORE EMBASSY CAN RECOMMEND PROMOTIONAL EVENT INVOLVING SIGNIFICANT COSTS. ONE IMPORTANT IMPORTER SUGGESTED THAT IDEAL VEHICLE WOULD BE FURNITURE SHOW SUCH AS THE MILAN EXHIBIT WHICH APPARENTLY DRAWS MOST IMPORTANT BUYERS FROM UAE. EMBASSY HAS BEEN UNABLE TO IDENTIFY ANY LOCAL EVENTS SPECIALLY TARGETED ON THE FURNITURE INDUSTRY. THEREFORE, WE WOULD ASSUME THAT ONLY OPTION AVAILABLE FOR PROMOTION IN COUNTRY WOULD BE A TRADE MISSION. DUBAI OFFICE

WOULD SEEK TO IDENTIFY CLEARLY TYPES OF FURNITURE MOST LIKELY  
TO SELL HERE BEFORE SCHEDULING ANY PROMOTIONAL EVENT.  
DICKMAN

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## Message Attributes

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Sheryl P. Walter  
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